

FILED ENTERED
LODGED RECEIVED

JUN 26 2019

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY DEPUTY

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,
Plaintiff,

v.

MIKE HSIEH and
CHRISTINE CHEN,

Defendants.

CASE NO.

CR 19-120 RAJ

INFORMATION

The United States Attorney charges that:

INTRODUCTION

At all times relevant to this Information:

1. MIKE HSIEH was a resident of Washington State and a licensed dentist.
2. CHRISTINE CHEN was a resident of Washington State and a licensed dentist.
3. Comfort Family Dentistry, Inc. (Comfort Family Dentistry) was a Kent, Washington dental practice formed no later than 2007 by MIKE HSIEH and CHRISTINE CHEN, and equally co-owned by MIKE HSIEH and CHRISTINE CHEN.
4. Comfort Family Dentistry was a Subchapter-S Corporation (S-corporation). Comfort Family Dentistry filed its federal income tax returns on Forms 1120S for years 2007-2014. As an S-corporation, the profits of Comfort Family Dentistry flowed through

INFORMATION/HSIEH, CHEN - 1

UNITED STATES ATTORNEY
700 STEWART ST., SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

1 as income to MIKE HSIEH and CHRISTINE CHEN annually when earned, and were
 2 taxed at MIKE HSIEH and CHRISTINE CHEN's respective marginal tax rates on their
 3 individual tax returns.

4 5. Between 2007 and 2014, CHRISTINE CHEN and MIKE HSIEH undertook
 5 a variety of steps to fraudulently decrease the taxable income of Comfort Family
 6 Dentistry, and thereby fraudulently decrease their own taxable income, as follows:

7 a. CHRISTINE CHEN and MIKE HSEIH falsely inflated
 8 expenses of Comfort Family Dentistry. To track the inflated expenses,
 9 CHRISTINE CHEN and MIKE HSIEH maintained two sets of financial statements
 10 for Comfort Family Dentistry, one showing the actual business expenses, and the
 11 other showing fraudulent and inflated expenses. The fraudulent financial
 statements were given to the tax return preparer for Comfort Family Dentistry and
 used to prepare the Form 1120S tax returns for Comfort Family Dentistry.

12 b. CHRISTINE CHEN and MIKE HSIEH maintained a bank
 13 account for Comfort Family Dentistry into which certain patient checks were
 14 deposited (Chase Account). The Chase Account was not disclosed to Comfort
 15 Family Dentistry's tax preparer, and the deposits into the Chase Account were not
 reported on Comfort Family Dentistry's Form 1120S tax returns.

16 c. CHRISTINE CHEN and MIKE HSIEH received cash
 17 proceeds of Comfort Family Dentistry without disclosing this income to Comfort
 18 Family Dentistry's tax preparer. This cash income was not reported on Comfort
 Family Dentistry's Form 1120S tax returns.

19 6. Each action by MIKE HSIEH and CHRISTINE CHEN described in the
 20 preceding paragraph was taken with the intent to, and, in fact, did, reduce Comfort
 21 Family Dental's business income as shown on its Form 1120S, and thereby reduced
 22 MIKE HSIEH and CHRISTINE CHEN's taxable income, as reported on their respective
 23 Form 1040 individual tax returns.

24 /
 25 /
 26 /
 27 /
 28

COUNT 1

(Filing a False Tax Return – MIKE HSIEH Tax Year 2013)

7. The United States re-alleges and incorporates paragraphs 1-6 of this Information.

8. On or about October 12, 2014, at Bellevue, within the Western District of Washington, and elsewhere, MIKE HSIEH, a resident of Bellevue, Washington, did willfully make and subscribe a 2013 U.S. Individual Tax Return, Form 1040, which was verified by a written declaration that it was made under the penalties of perjury, and which MIKE HSIEH did not believe to be true and correct as to every material matter. That Form 1040 Income Tax Return, which was prepared and signed in the Western District of Washington and was filed with the Internal Revenue Service, stated that MIKE HSIEH had taxable income of two hundred thirty-two thousand, seven hundred and fifty-three dollars (\$232,753), whereas, as MIKE HSIEH then and there knew, he had taxable income of approximately three hundred forty-eight thousand, six hundred and sixty-three dollars (\$348,663).

All in violation of Title 26, United States Code, Section 7206(1).

COUNT 2

(Filing a False Tax Return – CHRISTINE CHEN Tax Year 2013)

9. The United States re-alleges and incorporates paragraphs 1-6 of this Information.

10. On or about April 10, 2014, at Renton, within the Western District of Washington, and elsewhere, CHRISTINE CHEN, a resident of Renton, Washington, did willfully make and subscribe a 2013 U.S. Individual Income Tax Return, Form 1040, which was verified by a written declaration that it was made under the penalties of perjury, and which CHRISTINE CHEN did not believe to be true and correct as to every material matter. That Form 1040 Income Tax Return, which was prepared and signed in

1 the Western District of Washington and was filed with the Internal Revenue Service,
2 stated that CHRISTINE CHEN's taxable income for 2013 was three hundred nineteen
3 thousand, one hundred and thirty-one dollars (\$319,131), whereas, as CHRISTINE
4 CHEN then and there knew, the true taxable income was four hundred and twenty-five
5 thousand, six hundred and seventy-nine dollars (\$425,679).

6 All in violation of Title 26, United States Code, Section 7206(1).
7
8

9 DATED this 26th day of June, 2019.
10
11

12
13 
14 BRIAN T. MORAN
United States Attorney

15
16 
17 ANDREW FRIEDMAN
18 Assistant United States Attorney

19
20 
21 MATTHEW D. DIGGS
22 Assistant United States Attorney
23
24
25
26
27
28